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C O N F I D E N T I A L SECTION 01 OF 03 TOKYO 000592

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SUBJECT: CHINA POLICY-MAKING IN THE FUKUDA CABINET

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Classified By: Ambassador J. Thomas Schieffer per 1.4 (b/d)

Summary  
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¶1. (C) Under Prime Minister Yasuo Fukuda, senior politicians and opinion-makers seeking to play a leading role in Japan-China relations have complicated the policy coordination process. Adding to policy-making difficulties has been the lack of strong leadership and decisiveness on the part of the Prime Minister. With Chinese President Hu Jintao's visit to Japan in the offing, PM Fukuda's policy-making style and political leadership will face a key test, particularly over controversial issues such as the East China Sea natural resources dispute. End Summary.

Political Players and Their Incentives  
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¶2. (C) Five key political players have intensified their activities to improve and stabilize the relationship with China, with the goal of becoming a "new leader" in the Japan-China relationship. The five players are LDP General Affairs Council Chairman Toshihiro Nikai, former LDP Secretary General Hidenao Nakagawa, LDP Election Committee

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Chairman Makoto Koga, Foreign Minister Masahiro Koumura, and Minister for Land, Infrastructure and Transportation, Tetsuzo Fuyushiba.

¶3. (C) Japan's diplomatic relationship with China was normalized under former Prime Minister Kakuei Tanaka, and since then China policy-making has been dominated by Tanaka's successors: former PM Noboru Takeshita, former PM Keizo Obuchi and former Chief Cabinet Secretary Hiromu Nonaka. According to an Embassy political section contact, the Tanaka line's dominance of China policy-making had become difficult to sustain by the time Nonaka rose to prominence, mainly because of leadership and societal changes in both countries and weakened factional power in Japanese politics following Japan's electoral system change. Today, no single politician is capable of taking the lead in Japan-China relations. In the search for his successor, Nonaka hand-picked Nikai, Koga and Fuyushiba as his "children" to form a team to take the lead in policy-making towards China.

14. (C) These five politicians are all considered to be "doves," and each has his own political and personal interests in strengthening his influence in China policy-making. Rep. Toshihiro Nikai considers improvement of Japan's relationships with other Asian countries, especially China and Vietnam, his lifework. A senior member of the LDP's "tourism promotion caucus," Nikai has argued strongly in favor of exporting bullet trains and related technologies to China and has been exerting his political influence for active exchanges between the two nations. Last year he established a new parliamentary league to promote Japan-China friendship together with former PM Yoshiro Mori and Rep. Koga. PM Fukuda also is a member of the league.

15. (C) Rep. Hidenao Nakagawa hopes to expand his political power by becoming a senior China hand. According to an Embassy media contact, the Chinese first approached Nakagawa during the Koizumi era to cultivate a contact among those close to Koizumi in the then-Mori faction (currently Machimura faction). Nakagawa also is close to former PM Mori, who is known to be pro-Taiwan, and so Nakagawa was their natural target.

16. (C) Rep. Makoto Koga is the "don" of the LDP road and transportation caucus and has promoted a Shinkansen (bullet train) project in China together with Nikai. Koga, who lost his father in the Pacific war, was the first politician to advocate dis-enshrinement of Class A war criminals from the Yasukuni Shrine. To this end, he has been working to gain the support of the Japan War Bereaved Association while serving as its chairman.

17. (C) Foreign Minister Koumura chairs the Japan-China Parliamentary Friendship League. He is also the leader of a small faction and wishes to use his role in Japan's China policy-making as a way to establish himself as a future PM candidate. He has been very active in strengthening Japan-China relations and, according to an Embassy media

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contact, wishes to become the premier "consultant" on Japan-China foreign and defense policy matters.

18. (C) Komeito Representative and Minister for Land, Infrastructure and Transportation Tetsuzo Fuyushiba, who was born in China during Japan's occupation, is considered the most active among Komeito members in cultivating ties with Chinese leaders. The Komeito and its umbrella organization Soka Gakkai's strong connection to Chinese leaders is well known since former Komeito Chief Representative Yoshikatsu Takeiri made a secret mission to China and sent a memo to former PM Kakuei Tanaka, which apparently convinced Tanaka to normalize relations with China. Fuyushiba's interest and engagement in the relationship reflects those of the Komeito and the Soka Gakkai, said the media contact.

No New Leader, but a Division of Labor  
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19. (C) As our media and political contacts agree, individually, the five politicians are neither serious PM contenders nor political leaders strong enough to single-handedly command Japan's China policy-making process. Rather than one emerging as leader of the field, each of them, in accordance with his political and other interests, is focusing on issues within his area of expertise and working with the others, when necessary, to achieve policy goals and strengthen the bilateral relationship.

Japan's China Bureaucracy  
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110. (C) Included in the policy-making mix are the career MOFA officials and others who form a semi-permanent China policy-making bureaucracy. MOFA's China hands - language

experts who have spent several tours in China - and senior retired diplomats from MOFA's "China School" are charged with managing the bilateral relationship on a daily basis. Senior among the China School alums is former Ambassador to China (and India) Sakutarō Tanino. Although retired, Tanino continues to play a strong role in China policy-making, including helping the Prime Minister to draft his recent speech to Beijing University and schedule a trip to Confucius' birthplace. Tanino was a classmate of PM Fukuda in high school, where they both played on the baseball team. They have remained close and Fukuda relies on Ambassador Tanino for advice on how to handle China.

#### Bilateral Improvements Open Door for Senior Politicians

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¶11. (C) During Prime Minister Koizumi's tenure, the bilateral relationship at the top level was essentially frozen, and as a result not much movement took place at lower levels of government, including both in the bureaucracy and among Diet members. The "China School" diplomats at the Foreign Ministry opposed Koizumi's trips to the Yasukuni Shrine and were derided as disloyal by Koizumi's senior policy aide Isao Iijima. Japan-China relations began thawing under Prime Minister Abe and Vice Foreign Minister Shotaro Yachi. Under Prime Minister Fukuda, who is known for his strong emphasis on bettering Japan's relationship with China and other East Asian countries, and who has nurtured long-standing relationships with Chinese leaders, bilateral relations are proceeding smoothly. This has given senior politicians interested in playing a leadership role in China policy the opening to try to exercise their influence.

#### Smooth Coordination or Lagging Response?

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¶12. (C) Fukuda's decision-making style - both for domestic and foreign policy - is consensus-driven and often reactive to developing issues. It involves many more players than the top-down decision-making style of former Prime Minister Koizumi, and good coordination among government and political actors is a prerequisite for smooth foreign policy. With the increased involvement of influential politicians in the China policy-making process, smooth policy coordination has proved lacking. For example, the recent poisoned dumpling incident revealed confusion among the policy actors and has invited more public criticism of China and of Fukuda's lack of strong leadership. President Hu Jintao's visit will present another

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opportunity for senior politicians to attempt to exercise their influence over China policy, and PM Fukuda's policy-making style and political leadership will face another test. This is particularly true for controversial, and still unresolved, issues such as the East China Sea oil and gas field dispute.

SCHIEFFER